

Debtors' Ex. 28



Commonwealth of Puerto Rico Title III Case: Plan Support Agreement

February 23, 2021



Executive Summary

The Financial Oversight and Management Board for Puerto Rico (“FOMB” or “Board”) has reached a new and more favorable Plan Support Agreement (“PSA”) with GO/PBA holders, de-risking the structure consistent with a post-COVID outlook

- Lower Debt Service Payments: Decrease of ~\$5.7 billion in debt service relative to February 2020 PoA
- Shift in Consideration to Contingent Instrument: Partial consideration in the form of a Contingent Value Instrument (“CVI”)

	February 9, 2020 Plan of Adjustment ⁽¹⁾	February 15, 2021 Plan Support Agreement
Total Debt Service (incl. COFINA)	▪ Reduction from \$90.4 billion to \$39.7 billion, a 56% decrease	▪ Reduction from \$90.4 billion to \$34.1 billion, a 62% decrease
Current Interest Annual Debt Service (incl. COFINA)	▪ \$1,472 million	▪ \$1,150 million
Security Structure	▪ 50% General Obligation (“GO”) / 50% COFINA Jr.	▪ 100% GO
New Debt (4.5% True-Interest Cost)	▪ \$10.4 billion	▪ \$7.4 billion
GO/PBA Fixed Consideration (4.5% True-Interest Cost)	▪ \$15.6 billion	▪ \$14.4 billion ⁽²⁾
GO/PBA Contingent Value Instrument (“CVI”)	▪ None	<ul style="list-style-type: none"> ▪ Based upon sharing of outperformance of 5.5% Sales and Use Tax Collections (“5.5% SUT”) ▪ Subject to annual and lifetime caps
PSA Fee for Retail Holders	▪ \$50 million set aside so that retail holders are treated equally to PSA Parties	▪ \$50 million set aside so that retail holders are treated equally to PSA Parties

(1) February 9, 2020 Plan of Adjustment adjusted to FY21 exit and 4.507% true-interest cost for purposes of comparability.

(2) Assumes \$350 cash consideration contingent on FY21 outperformance available for distribution to creditors.



Plan Support Agreement: Overview and Background

The Commonwealth of Puerto Rico (the “Commonwealth”) filed for a Title III proceeding on May 3, 2017

- \$35 billion of funded bond debt and estimated unsecured claims
- \$55 billion in pension claims

Puerto Rico has suffered an economic and population decline as detailed in the 2020 Fiscal Plan for the Commonwealth

- Challenges have continued with several natural disasters impacting the island, causing unprecedented and catastrophic damage
 - Hurricanes Irma and Maria hit the island in September 2017, causing over \$100 billion of damage
 - While federal emergency funds provided a temporary boost in economic activity, economic fundamentals remain fragile
 - Seismic swarm in January 2020 resulted in billions of dollars in estimated damage
- Compounding these challenges, the COVID-19 pandemic has brought a unique set of challenges
 - High unemployment, particularly in tourism and hospitality sectors, has weighed on the economic environment

As a result of COVID, the Board and its advisors began to reevaluate the February 2020 PoA regarding sustainability and affordability of contemplated obligations and terms

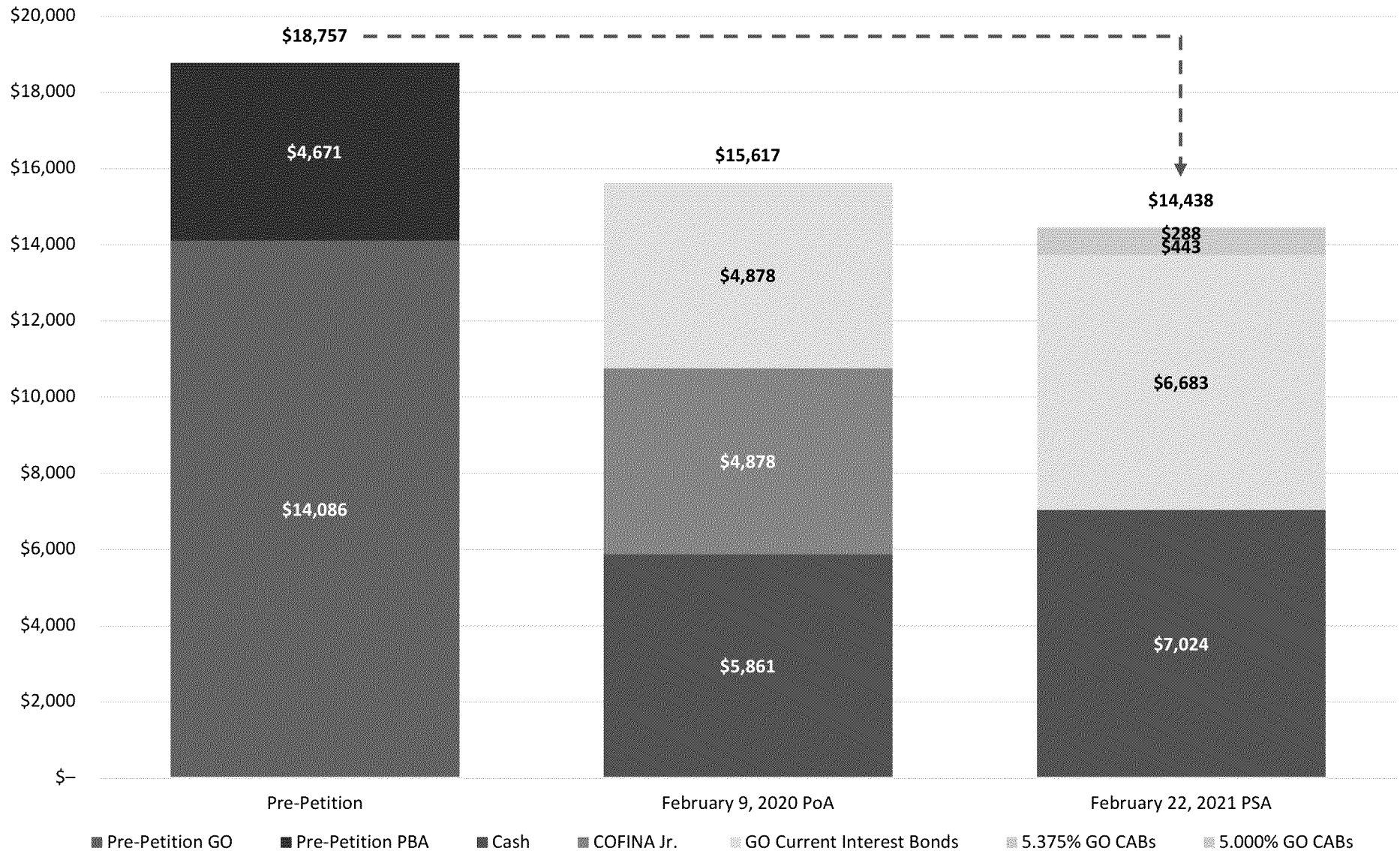
In February 2021, mediation brought agreement between the Board and holders of over \$11.7 billion of GO and PBA bonds

- Mediation continues as the Board seeks to reach a consensual agreement with other creditor constituencies

Plan Support Agreement: GO/PBA Fixed Consideration Comparison

The 2021 PSA reduces fixed consideration to GO/PBA by an additional \$1.2 billion relative to the 2020 PoA, which already provided for a significant discount relative to pre-petition liabilities.

(\$ in millions)



Note: February 9, 2020 Plan of Adjustment adjusted to FY21 exit and 4.507% true-interest cost for purposes of comparability. Assumes 50/50 split of GO / COFINA Jr.

(1) Assumes \$350 cash consideration contingent on FY21 outperformance available for distribution to creditors.

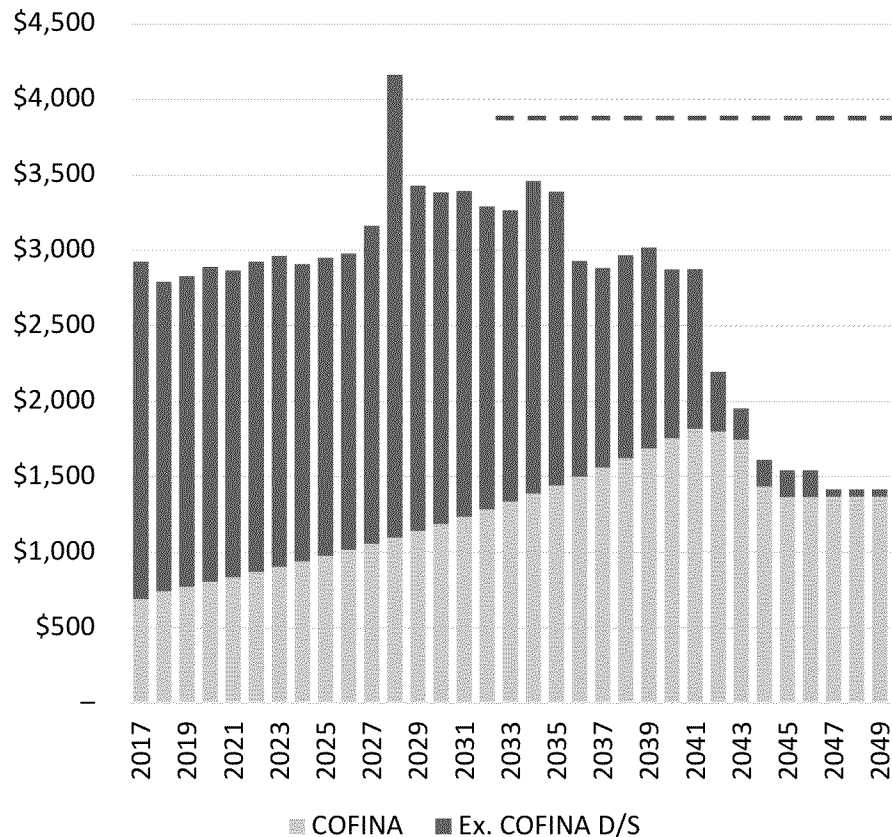


Plan Support Agreement: Pre-Petition Debt Service Comparison

The PSA, together with the COFINA Plan of Adjustment, successfully achieves a sustainable capital structure by reducing total tax-supported debt service from \$90.4 billion to \$34.1 billion from FY17 to FY49.

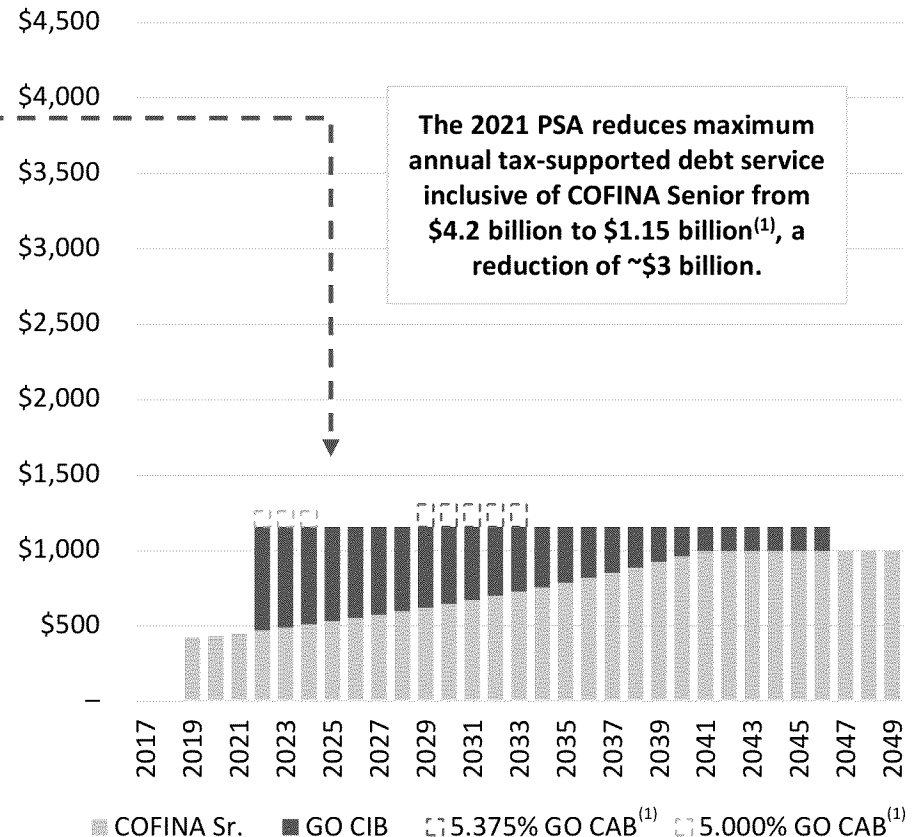
COMMONWEALTH PRE-PLAN DEBT SERVICE

(\$ in millions)



COMMONWEALTH POST-PLAN DEBT SERVICE

(\$ in millions)

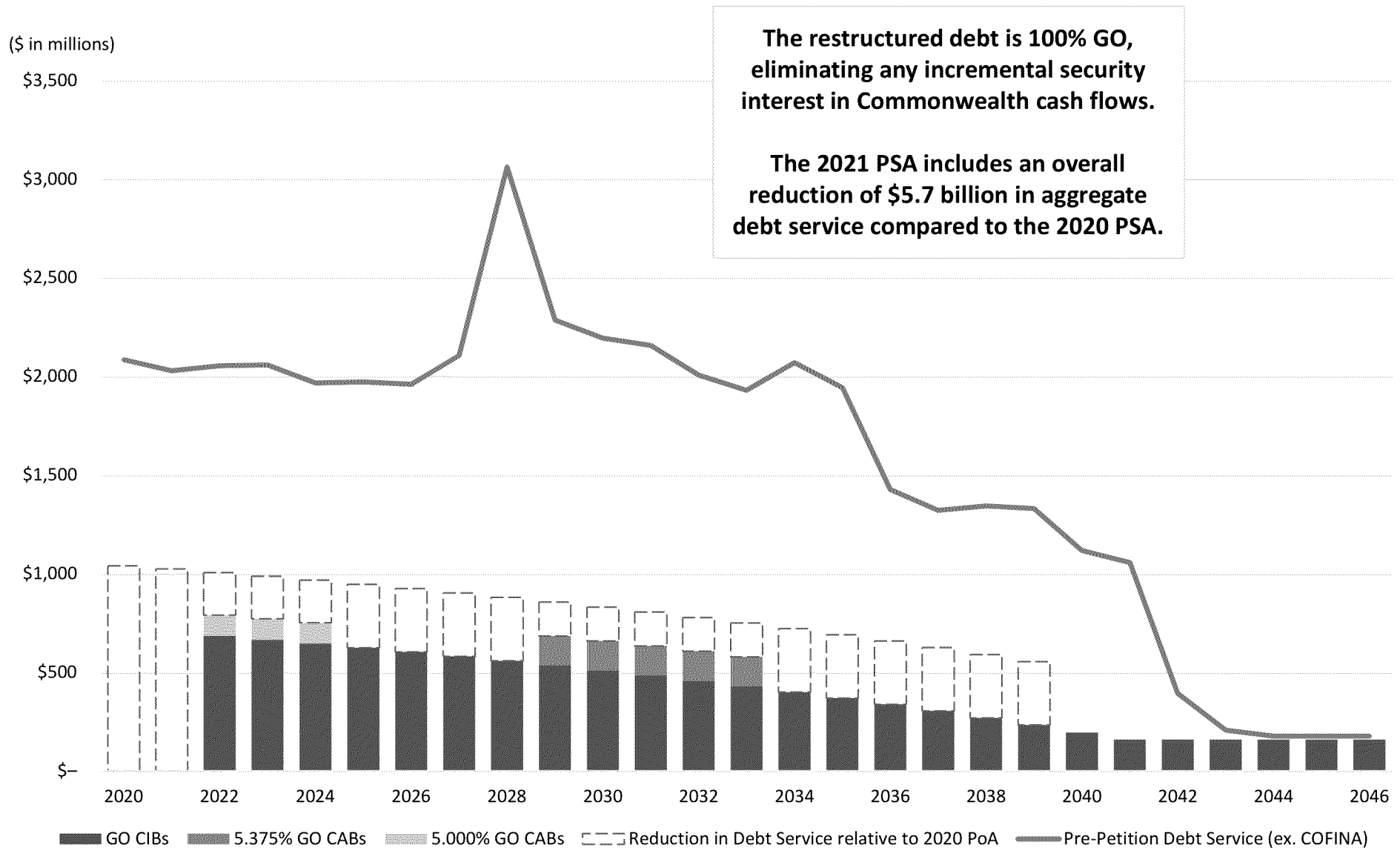


(1) \$1.15 billion maximum annual tax-supported debt service excludes payments on account of (i) the 5.375% GO CABs and (ii) the 5.000% GO CABs. 5.375% GO CABs are expected to be repaid with funds released from the Commonwealth working capital fund for disaster relief advances in equal annual \$150mm installments in 2029-2033. 5.000% GO CABs are expected to be repaid with funds previously intended for the Debt Service Reserve Fund in equal annual \$106mm installments in 2022-2024.



Plan Support Agreement: Reduction in Annual Debt Service

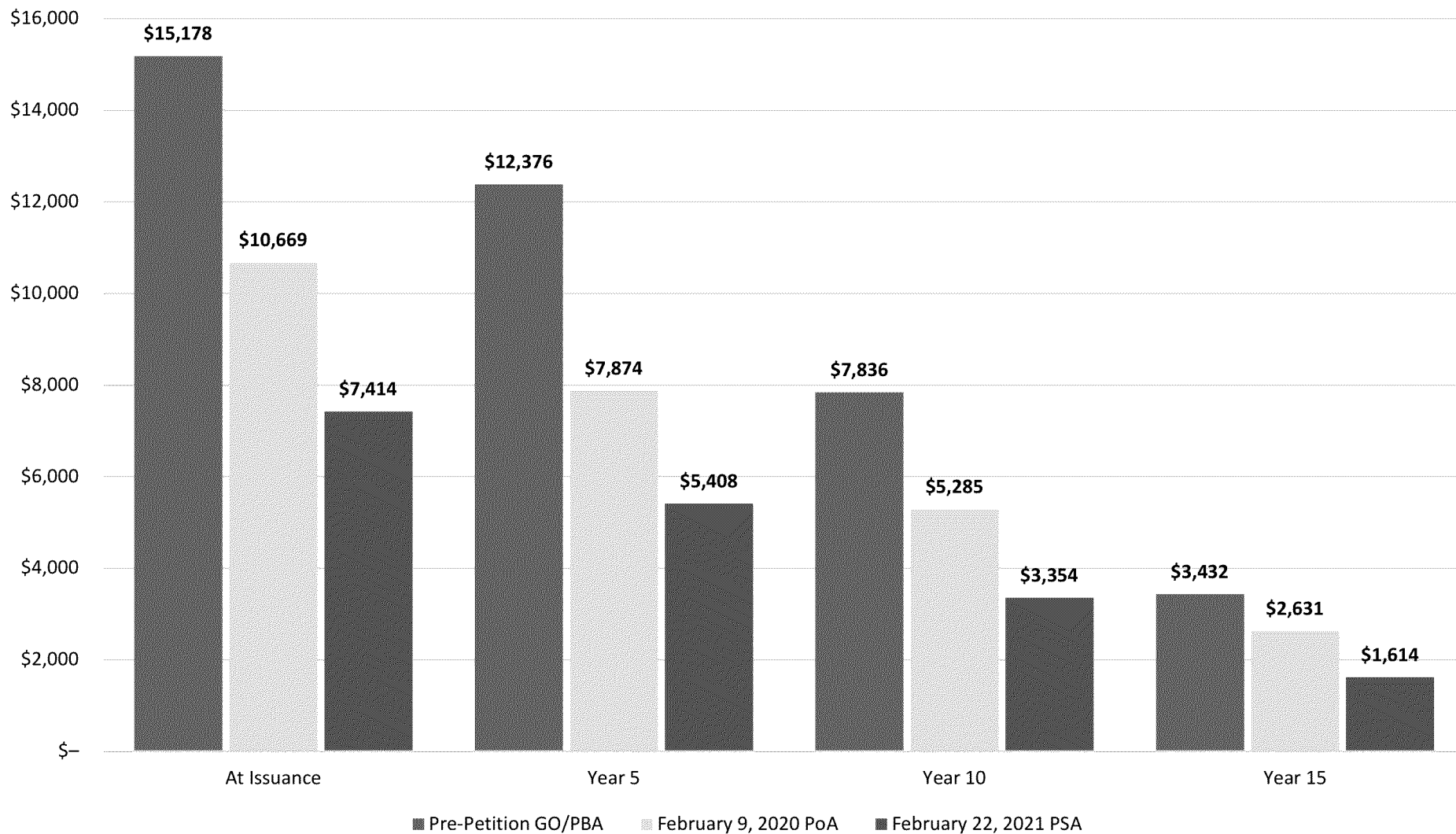
The lower amount of overall debt service burden reflects the FOMB's concern about the longer-term operating outlook given the changes COVID-19 has brought to the island.



Plan Support Agreement: Debt Balance Comparison

The 2021 PSA amortizes more than 50% of new issued debt within ten years following the July 2021 deemed issuance date.

(\$ in millions)



Note: February 9, 2020 Plan of Adjustment par amounts correspond to amortization structure as stated in the Plan. 2020 PoA and 2021 PSA debt balances shown according to respective deemed issuance dates. Pre-petition GO/PBA balances correspond to illustrative 2021 "deemed" issuance date and exclude amounts that mature prior to 2021.

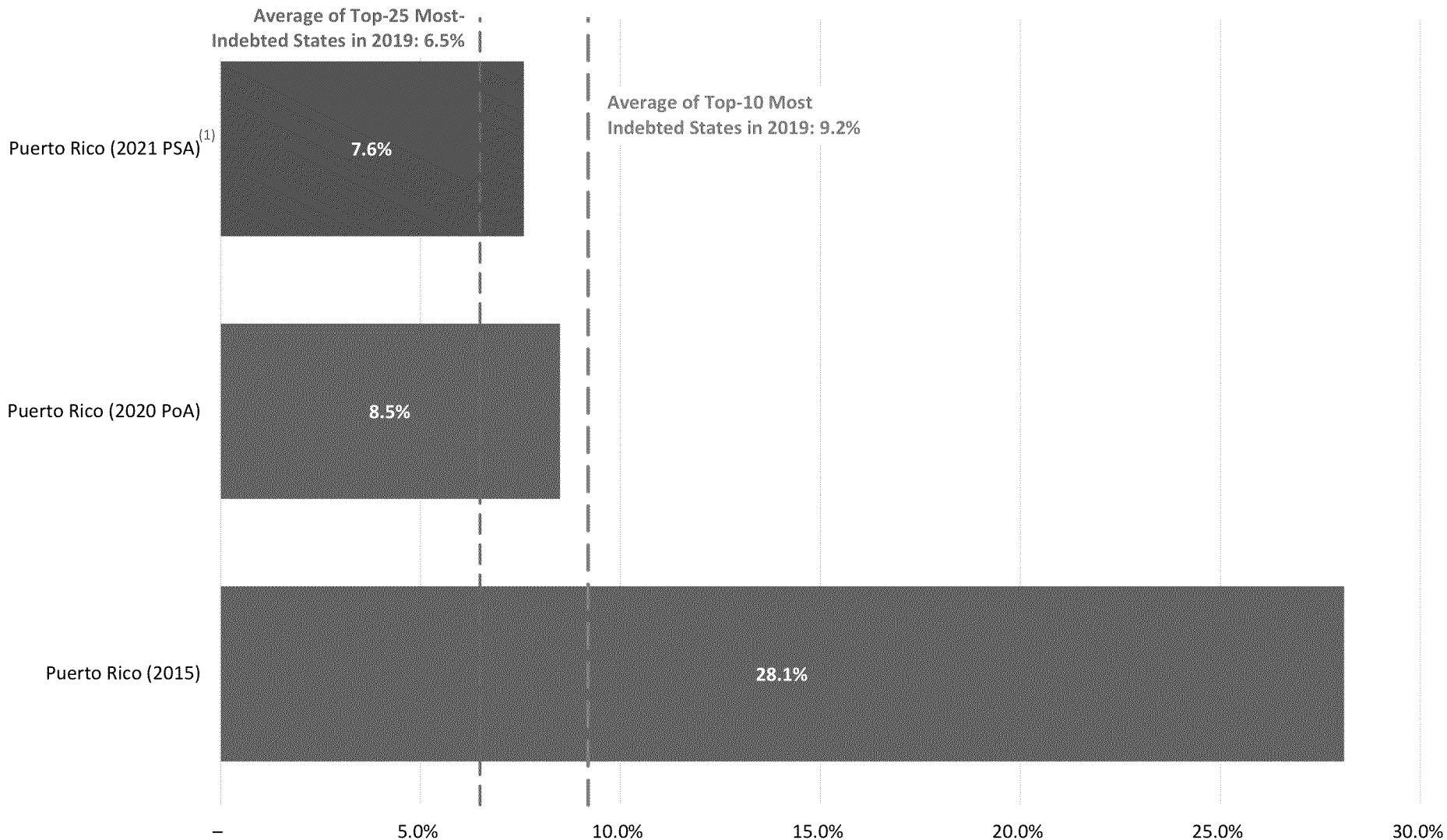


Plan Support Agreement: Sustainability and Feasibility

The Commonwealth will emerge with a pro forma capital structure that is less levered compared to pre-petition and to the average of the top-10 most indebted U.S. states, providing a foundation for fiscal sustainability in the future.

PUERTO RICO PRE-PETITION AND PLAN DEBT SERVICE COMPARISON

(Debt Service as a % of Own-Source Revenues)



Source: Moody's Investor Service "State Government – U.S. Medians," 2020.

(1) Represents pro forma debt service, including COFINA, as a percent of FY20 own-source revenues.



Plan Support Agreement: CVI

The Contingent Value Instrument is subject to both annual and lifetime payment caps and will only receive payments in the event that the SUT outperforms the May 2020 Commonwealth Certified Fiscal Plan.

	Description
Metric	<ul style="list-style-type: none"> ▪ 5.5% Sales and Use Tax Collections (“5.5% SUT”)
Outperformance Condition	<ul style="list-style-type: none"> ▪ On an annual basis, CVI receives the lesser of: <ul style="list-style-type: none"> – (i) 50% of cumulative outperformance, less CVI payments previously made – (ii) 75% annual outperformance
CVI Share of Outperformance Waterfall	<ul style="list-style-type: none"> ▪ (a) First \$100mm to GO/PBA ▪ (b) Next \$11.1mm to other creditors or the Commonwealth, at the Commonwealth’s option ▪ (c) Pro rata sharing thereafter of 90% to GO/PBA, and, at the Commonwealth’s option, 10% to other creditors or the Commonwealth
GO/PBA Annual Cap	<ul style="list-style-type: none"> ▪ \$200mm ▪ Unused amounts carry forward into future years, subject to annual payment not to exceed \$400mm
GO/PBA Lifetime Cap	<ul style="list-style-type: none"> ▪ \$3,500mm
GO/PBA Term	<ul style="list-style-type: none"> ▪ 22 years



Plan Support Agreement: Comparison of GO/PBA Recoveries

- Recoveries shown on the basis of fixed recoveries, assuming the same true-interest cost and emergence date for purposes of comparability

(\$ in billions)	Claim ⁽¹⁾	Fixed Recovery ⁽¹⁾⁽²⁾ February 9, 2020 PoA (Claims as of Petition Date)	Fixed Recovery ⁽¹⁾ February 22, 2021 PSA (Claims as of Petition Date)	Fixed Recovery ⁽¹⁾⁽³⁾ February 22, 2021 PSA (Claims as of Deemed Issuance Date)
Pre-2011 GO	\$5.8	84.4%	77.5%	64.5%
2011 GO (Series D / E / PIB)	\$0.6	83.2%	76.4%	62.8%
2011 GO (Series C)	\$0.5	79.4%	72.9%	59.5%
2012 GO	\$2.9	78.8%	72.4%	61.3%
2014 GO	\$4.2	73.7%	67.7%	53.0%
Pre-2011 PBA	\$2.7	87.4%	80.3%	74.5%
2011 PBA	\$1.3	86.6%	79.5%	73.1%
2012 PBA	\$0.7	81.4%	74.8%	69.3%

Denotes a class with >50% support⁽⁴⁾

Denotes a class with >66% support⁽⁴⁾

- (1) Claim amounts are preliminary and subject to material revision. Recoveries are shown on the basis of par + accrued interest.
(2) February 9, 2020 Plan of Adjustment adjusted to FY21 exit and 4.507% true-interest cost for purposes of comparability.
(3) Claims are accrued to deemed issuance date (July 1, 2021) for illustrative purposes only.
(4) Assumes 90% and 100% of uninsured and insured claims vote, respectively.

